
Executive Summary

State law requires the Legislative Audit Division to conduct a comprehensive audit of the Montana Lottery (Lottery) security every two years. Our primary objective is to evaluate the existence and operation of security controls and evaluate compliance regarding the areas specifically outlined in section 23-7-411, MCA.

The Lottery is a member of the Multi-State Lottery Association (MUSL), a non-profit, government-benefit association owned and operated by its member lotteries. MUSL rules require the Lottery to operate a computer gaming system to manage both online and instant games, and operate an internal control system as a check and balance for online drawings. The Lottery depends on a contractor and subcontractor to maintain these systems. In March 2006, the Lottery's current contract will expire, and a new contractor will implement and maintain a new computer gaming system and internal control system.

Audit scope included evaluating the Lottery against MUSL regulations, Montana Lottery internal security procedures, statewide information technology policies, and information technology industry standard practices in the areas outlined in statute. To ensure our primary objective was met, we observed daily operations, interviewed key Lottery staff, conducted walkthroughs of facilities, and confirmed that documentation was maintained to demonstrate established procedures were being followed. We reviewed computer systems and network configurations through observation and the use of audit software tools to determine adequate security access controls are present.

Overall, security controls are in place in the areas outlined in statute. However, the implementation of controls can be improved to adhere to written internal policies and MUSL rules. We confirmed the implementation status of our nine prior audit recommendations. Seven recommendations were implemented, and two were partially implemented. This report discusses nine findings and recommendations addressing the statutory areas of personnel security, contractor security, computer security, data

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communications security, systems security, and lottery premises and warehouse security.